

Brown Rudnick Berlack Israels  
120 West 45<sup>th</sup> Street  
New York, NY 10036  
Attention Edward S. Weisfelner  
Steven D. Pohl  
Fax (212) 704-0196  
(617) 856-8201

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Notices sent as provided herein shall be deemed given on the date received by the recipient. If a recipient rejects or refuses to accept a notice given pursuant to this Section, or if a notice is not deliverable because of a changed address or fax number of which no notice was given in accordance with the provisions hereof, such notice shall be deemed to be received two (2) days after such notice was mailed (whether as the actual notice or as the confirmation of a faxed notice) in accordance with the terms hereof.

9.5 Choice of Law. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the Bankruptcy Code and the substantive laws of the State of New York for contracts expected and likely to be performed solely within such state without regard to the conflict of laws principles thereof or of any other jurisdiction.

9.6 Entire Agreement, Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) and the other Transaction Documents constitute the entire agreement between the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. No supplement, modification or waiver of this Agreement (including any schedule hereto) shall be binding unless the same is executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided.

9.7 No Recourse Against Third Parties. Buyer agrees for itself and for all of its officers, directors, shareholders, Affiliates, attorneys, agents and any other parties making any claim by, through or under the rights of such persons (collectively, the "Buyer Group") that no member of the Buyer Group shall have any rights against any creditor, officer, director, shareholder (other than Sellers themselves), Affiliate, attorney or agent of Allegiance (each, individually, a "Non-Recourse Person") for any damages, suits, claims, proceedings, fines, judgments, costs or expenses (including attorneys' fees and incidental, consequential or punitive damages) (collectively, "Losses") that any Buyer Party may suffer in connection with this Agreement. If any member of the Buyer Group makes a claim against any person or entity other than Buyer that is not a Non-Recourse Person (a "Third Person") that in any way gives rise to a claim by such Third

Party against any Non-Recourse Person asserting that such Non-Recourse Person is or may be liable to such Third Party with respect to any Losses arising in connection with this Agreement (whether by way of indemnification, contribution, or otherwise on any theory whatever) (a "Claim Over"), such member of the Buyer Group shall reduce or credit against any judgment or settlement such member of the Buyer Group may obtain against such Third Party the full amount of any judgment or settlement such Third Party may obtain against the Non-Recourse Person on such Claim Over, and shall, as part of any settlement with such Third Party, obtain from such Third Party for the benefit of such Non-Recourse Person a satisfaction in full of such Third Party's Claim Over against the Non-Recourse Person. The provisions of this Section 9.7, however, shall not apply as to any fraud claims.

9.8 Counterparts This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

9.9 Confidentiality Prior to the Closing and after any termination of this Agreement, the provisions of the Confidentiality Agreement shall continue in full force and effect; provided, however, that effective as of the date hereof the provisions of the Confidentiality Agreement restricting Buyer and its Affiliates from discussing the transaction contemplated by this Agreement with third parties shall no longer apply. After the Closing, Buyer shall no longer be subject to the provisions of the Confidentiality Agreement, except to the extent the confidential information specifically relates to Shared Technologies. In the event of any conflict between the provisions of this Agreement and the Confidentiality Agreement, the provisions of this Agreement shall prevail. From and after the Closing, Sellers agree to keep confidential all confidential information relating to the Business, and agree not to disclose such information except as required by Law. Notwithstanding anything herein to the contrary, Buyer and Sellers (and each Affiliate and person acting on behalf of any such party) agree that each party (and each Representative of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party or such person relating to such tax treatment and tax structure, except to the extent necessary to comply with any applicable federal or state securities laws. This authorization is not intended to permit disclosure of any other information, including (i) any portion of any materials to the extent not related to the tax treatment or tax structure of the transaction, (ii) the identities of participants or potential participants in the transaction, (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the tax treatment or tax structure of the transaction) or (v) any other term or detail not relevant to the tax treatment or the tax structure of the transaction.

9.10 Invalidity If anyone or more of the provisions contained in this Agreement (other than any of the provisions contained in Article II or Article III hereof) or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the parties shall use their best efforts, including the amendment of this Agreement, to ensure that this Agreement shall reflect as closely as practicable the intent of the parties hereto on the date hereof.

9.11 Headings The table of contents and the headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

9.12 Exclusive Jurisdiction Without limiting any party's right to appeal any order of the Bankruptcy Court, (a) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (b) any and all claims, actions, causes of action, suits and proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 9.4 hereof.

9.13 Waiver of Right to Trial by Jury Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

9.14 Specific Performance Each of the parties hereto acknowledges that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions thereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which the parties may be entitled, at law, in equity or pursuant to this Agreement.

9.15 Counting If the due date for any action to be taken under this Agreement (including the delivery of notices) is not a Business Day, then such action shall be considered timely taken if performed on or prior to the next Business Day following such due date.

9.16 Service of Process Each party irrevocably consents to the service of process in any action or proceeding by receipt of mailed copies thereof by national courier service or registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 9.4 hereof. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

9.17 Time of Essence, Effectiveness of the Closing Date With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence. In the event the Closing Date occurs prior to the occurrence of the Early Funding Date, for purposes of Article II, Sections 6.1, 7.1, 7.2, 7.3, and 8.1, all references to Early Funding Date shall be replaced with references to the Closing Date.

9.18 Exhibits and Schedules The Exhibits and Schedules attached to, delivered with and identified to this Agreement are a part of this Agreement the same as if fully set forth herein and all references herein to any Section of this Agreement shall be deemed to include a reference to any Schedule named therein. Any disclosure made in any Schedule to this Agreement which is applicable to another Schedule to this Agreement shall be deemed to be made with respect to such other Schedule regardless of whether or not a specific cross reference is made thereto if the relevance of such disclosure to such other schedule is reasonably apparent on its face.

9.19 Interpretation

(a) Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation."

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

(d) Words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(f) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) All references to "\$" and "dollars" shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to any financial or accounting terms shall be defined in accordance with GAAP.

9.20 Preparation of this Agreement Buyer and Sellers hereby acknowledge that (i) Buyer and Sellers jointly and equally participated in the drafting of this Agreement and all other agreements contemplated hereby, (ii) Buyer and Sellers have been adequately represented and advised by legal counsel with respect to this Agreement and the transactions contemplated hereby, and (iii) no presumption shall be made that any provision of this Agreement shall be construed against either party by reason of such role in the drafting of this Agreement and any other agreement contemplated hereby

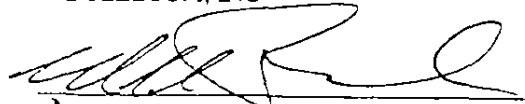
**[Remainder of Page Intentionally Left Blank]**

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Sellers and Buyer as of the date first above written

SELLERS:

ALLEGIANCE TELECOM, INC

By

  
Name: MARK D. TRENGOW  
Title: Executive Vice President

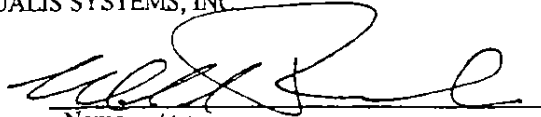
ALLEGIANCE TELECOM COMPANY WORLDWIDE  
ADGRAFIX CORPORATION  
ALGX BUSINESS INTERNET, INC  
ALLEGIANCE INTERNET, INC  
ALLEGIANCE TELECOM INTERNATIONAL, INC  
ALLEGIANCE TELECOM OF ARIZONA, INC.  
ALLEGIANCE TELECOM OF CALIFORNIA, INC.  
ALLEGIANCE TELECOM OF COLORADO, INC.  
ALLEGIANCE TELECOM OF FLORIDA, INC.  
ALLEGIANCE TELECOM OF GEORGIA, INC.  
ALLEGIANCE TELECOM OF ILLINOIS, INC.  
ALLEGIANCE TELECOM OF INDIANA, INC.  
ALLEGIANCE TELECOM OF MARYLAND, INC.  
ALLEGIANCE TELECOM OF MASSACHUSETTS, INC.  
ALLEGIANCE TELECOM OF MICHIGAN, INC.  
ALLEGIANCE TELECOM OF MINNESOTA, INC  
ALLEGIANCE TELECOM OF MISSOURI, INC.  
ALLEGIANCE TELECOM OF NEVADA, INC.  
ALLEGIANCE TELECOM OF NEW JERSEY, INC.  
ALLEGIANCE TELECOM OF NEW YORK, INC.  
ALLEGIANCE TELECOM OF NORTH CAROLINA, INC.  
ALLEGIANCE TELECOM OF OHIO, INC.  
ALLEGIANCE TELECOM OF OKLAHOMA, INC.  
ALLEGIANCE TELECOM OF OREGON, INC.  
ALLEGIANCE TELECOM OF PENNSYLVANIA, INC.  
ALLEGIANCE TELECOM OF TEXAS, INC.  
ALLEGIANCE TELECOM OF THE DISTRICT OF COLUMBIA, INC.  
ALLEGIANCE TELECOM OF VIRGINIA, INC.  
ALLEGIANCE TELECOM OF WASHINGTON, INC.  
ALLEGIANCE TELECOM OF WISCONSIN, INC.  
ALLEGIANCE TELECOM PURCHASING COMPANY  
ALLEGIANCE TELECOM SERVICE CORPORATION  
COAST TO COAST TELECOMMUNICATIONS, INC.  
HOSTING.COM, INC.  
INTERACCESS TELECOMMUNICATIONS CO.

(Signatures Continued)

JUMP.NET, INC.

VIRTUALIS SYSTEMS, INC.

By.

A handwritten signature in black ink, appearing to read 'Mark B. Tregnowski', written over a horizontal line.

Name. MARK B. TREGNOWSKI


Title. Executive Vice President

BUYER:

XO COMMUNICATIONS, INC.

By

Name  
Title

  
William Gamahan  
SVP Corporate Development



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

Allegiance Telecom, Inc , et al.,  
Debtors

Chapter 11  
Case No. 03-13057 (RDD)  
(Jointly Administered)

**ORDER (A) ESTABLISHING BIDDING  
PROCEDURES AND BID PROTECTIONS IN CONNECTION  
WITH THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS  
OF THE DEBTORS, (B) APPROVING THE FORM AND MANNER  
OF NOTICES AND (C) SETTING A SALE HEARING DATE**

Upon the motion, dated December 18, 2003 (the "Motion"), of Allegiance Telecom, Inc ("Allegiance") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order (i) establishing bidding procedures and certain protections (the "Bidding Procedures") payable to the Buyer<sup>1</sup> including a break-up fee and expense reimbursement; (ii) approving the form and manner of notice related to the sale of certain assets of the Debtors, (iii) setting a hearing date (the "Sale Hearing") to consider approval of the sale of substantially all of the assets of the Debtors as provided in the Purchase Agreement (the "Sale Assets"); (iv) authorizing the procedures for assumption and assignment of certain executory contracts and unexpired leases in connection with the sale of the Sale Assets (the "Sale Transaction"); and (v) granting certain related relief (collectively, the "Bidding Procedures Order"); and an interim hearing having been held (the "Procedures Hearing") in respect of the relief

<sup>1</sup> Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Motion or that certain purchase agreement between Allegiance and Qwest Communications International Inc dated December 18, 2003 (the "Purchase Agreement"), as applicable, and as modified by this Bidding Procedures Order (as defined below), as applicable.

requested in the Motion (as described in clauses (i) – (v) above (the ‘Preliminary Relief’)), and it appearing that notice of the hearing has been provided to (i) the Office of the United States Trustee, (ii) the attorneys for the agent for the prepetition lenders, (iii) the attorneys for the Creditors’ Committee; (iv) all nondebtor contracting and lease parties identified on Schedules 4.20 and 4.21 of the Disclosure Schedules, (v) all parties that provide telecom services to the Debtors pursuant to tariffs, (vi) the attorneys for the Buyer, (vii) all counterparties to the Assumed Contracts, (viii) all parties who have made written expressions of interest in acquiring the Sale Assets or the Business within two (2) months prior to the date of the Motion, (ix) all known persons holding a lien on any of the Sale Assets, (x) the Securities and Exchange Commission; (xi) all taxing authorities that have jurisdiction over the Sale Assets, (xii) all Governmental Agencies having jurisdiction over the Sale Assets with respect to Environmental Laws, (xiii) the attorneys general of all states in which the Sale Assets are located, (xiv) the Federal Communications Commission and applicable state public utility commissions; and (xv) all other parties that had filed a notice of appearance and demand for service of papers in these bankruptcy cases under Bankruptcy Rule 2002 as of the date of the Motion; and it appearing that such notice constitutes good and sufficient notice of the Motion and the requested Preliminary Relief and that no other or further notice need be provided; and upon the hearing held on December 18, 2003 approving the Lock-Up Order; and certain parties, including the Creditors’ Committee, having objected to the Preliminary Relief; and the Debtors and Buyer having agreed to modifications to the relief requested in the Motion prior to the hearing on the Motion to accommodate, in part, such objections; and upon the Debtors, Buyer, the Creditors’ Committee, and other objecting parties having

agreed to further modifications to the relief requested at the hearing held on the Motion on January 9, 2004, and upon the Court having approved the Bidding Procedures Order, as modified, on the record, and upon this Bidding Procedures Order setting forth all such modifications as agreed upon by the parties, and upon the Motion and the record of the Procedures Hearing and all other proceedings had before the Court, and it appearing that an order granting the Preliminary Relief is in the best interest of the Debtors and parties in interest, and it appearing that the Court has jurisdiction over this matter, and after due deliberation and sufficient cause appearing therefor

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. The Bidding Procedures as set forth and defined below, are fair, reasonable, and appropriate and are designed to maximize the recovery on the Sale Assets, including the Assumed Contracts

B The Debtors have demonstrated a compelling and sound business justification for authorizing the payment of the Break-Up Fee and the Expense Reimbursement (each as defined herem) to the Buyer under the circumstances, timing, and procedures set forth in the Motion, the Purchase Agreement, and herein.

C. The Break-Up Fee and the Expense Reimbursement are fair and reasonable, provide a benefit to the Debtors' estates and creditors, and were negotiated by the parties to the Purchase Agreement in good faith and at arm's-length.

D. The Debtors' payment to the Buyer (under the conditions of and as set forth in the Purchase Agreement and herein), of the Breakup Fee and the Expense Reimbursement is (i) an actual and necessary cost and expense of preserving the Debtors' estates, (ii) of substantial benefit to the Debtors' estates, (iii) reasonable and appropriate,

in light of, among other things, (a) the size and nature of the proposed sale under the Agreement, (b) the substantial efforts that have been and will be expended by the Buyer, and (c) the benefits the Buyer has provided to the Debtors' estates and creditors and all parties in interest herein, notwithstanding that the proposed sale is subject to higher or better offers, and (iv) necessary to ensure that the Buyer will continue to pursue its proposed acquisition of the Sale Assets. In particular, the Purchase Agreement was the culmination of a process undertaken by the Debtors and their professionals to negotiate a transaction with a bidder who was prepared to pay the highest or otherwise best purchase price to date for the Sale Assets in order to maximize the value of the Debtors' estates.

E The payment of the Break-Up Fee and the Expense

Reimbursement should be approved because, among other things, (i) no other party to date has entered into a definitive agreement for the acquisition of the Sale Assets on terms acceptable to the Debtors, (ii) the execution of the Purchase Agreement is a prerequisite to determining whether any party other than the Buyer is willing to enter into a definitive agreement for the acquisition of the Sale Assets on terms acceptable to the Debtors and their creditor constituencies, (iii) the protections afforded to the Buyer by the Break-Up Fee and the Expense Reimbursement were material inducements for, and express conditions of, the Buyer's willingness to enter into the Purchase Agreement, and (iv) the Buyer is unwilling to commit to hold open its offer to acquire the Sale Assets under the terms of the Purchase Agreement unless it is assured of the payment of the Break-Up Fee and the Expense Reimbursement.

F The assurance of the payment of the Break-Up Fee and the

Expense Reimbursement has (i) promoted more competitive bidding by inducing the

Buyer's bid, which otherwise would not have been made, without which competitive bidding would be limited, and which may be the highest and best available offer for the Sale Assets, (ii) induced the Buyer to research the value of the Sale Assets and propose the transactions contemplated by the Purchase Agreement, including, among other things, submission of a bid that will serve as a minimum or floor bid on which all other bidders can rely, and (iii) provided a benefit to the Debtors' estates by increasing the likelihood that the price at which the Sale Assets are sold will reflect their true worth

G The payment of the Break-Up Fee and the Expense

Reimbursement is an expense necessary to maximize the value of the Debtors' estates and the entry of this Order is in the best interests of the Debtors, their estates, creditors, and all other parties in interest.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND  
DECREED THAT:**

1 The Preliminary Relief, as modified by this Bidding Procedures Order, is granted

2 The Auction shall be conducted on the following terms and conditions constituting the Bidding Procedures:

PROVISION	DESCRIPTION
<i>The Stalking Horse Bid</i>	<p>Under the terms of the Purchase Agreement, the Buyer has agreed to purchase the Sale Assets for approximately \$390 million, plus Assumed Liabilities (the "Stalking Horse Bid"), subject to the terms of the Purchase Agreement, as modified by this Order.</p> <p>Under the terms of the Purchase Agreement, beginning on the date the Bidding Procedures Order is approved by the Court and continuing until the conclusion of the Auction, the Debtors are entitled to, among other things, solicit and negotiate Competing Transactions.</p>
<i>Due Diligence</i>	Each potential bidder (a "Potential Bidder") must deliver (unless

PROVISION	DESCRIPTION
	<p>previously delivered) to (i) the Debtors, c/o Jonathan S. Henes, Esq., Kirkland &amp; Ellis LLP, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, NY 10022-4611 and Michael A. Kramer, Greenhill &amp; Co., LLC, 300 Park Avenue, 23rd Floor, New York, New York 10022, (ii) the attorneys for the agent for the prepetition lenders (the "Bank Agent"), Paul, Hastings, Janofsky &amp; Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn: Jesse Austin, III, Esq.), and (iii) the attorneys for the statutory committee of unsecured creditors (the "Creditors' Committee"), Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn: Ira S. Dizengoff, Esq.), the following documents (the "Preliminary Bid Documents") in order to participate in the bidding process</p> <p>a. an executed confidentiality agreement in form and substance satisfactory to the Debtors, and</p> <p>b. preliminary proof by the Potential Bidder of its financial capacity to close a proposed transaction, the adequacy of which the Debtors and their advisors will determine, after consultation with the Bank Agent and the Creditors' Committee</p> <p>Within two (2) business days after a Potential Bidder delivers the Preliminary Bid Documents, the Debtors, after consultation with the Creditors' Committee and the Bank Agent, shall determine, and shall notify the Potential Bidder, whether the Potential Bidder has submitted acceptable Preliminary Bid Documents so that such Potential Bidder may conduct due diligence with respect to the assets sought to be acquired. Only those Potential Bidders that have submitted acceptable Preliminary Bid Documents may submit bids.</p>
<b><i>Bid Deadline</i></b>	<p>Bids must (a) be in writing, (b) with respect to the Sale Assets, at a minimum, exceed the Stalking Horse Bid by \$21 million; (c) satisfy the Bid Requirements set forth herein and (d) be received by (i) the attorneys for the Debtors, Kirkland &amp; Ellis LLP, 153 East 53rd Street, New York, New York 10022 (Attn: Matthew A. Cantor, Esq. and Jonathan S. Henes, Esq.), (ii) the financial advisors for the Debtors, Greenhill &amp; Co., LLC, 300 Park Avenue, 23rd Floor, New York, New York 10022 (Attn: Michael A. Kramer), (iii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 1004 (Attn: Pamela J. Lustrin, Esq.), (iv) the attorneys for the Bank Agent, Paul, Hastings, Janofsky &amp; Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn: Jesse Austin, III, Esq.), and (v) the attorneys for the Creditors' Committee, Akin Gump</p>

PROVISION	DESCRIPTION
	<p>Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn: Ira S. Dizengoff, Esq.), so as to be actually received no later than 5:00 p.m. (prevailing Eastern Time) on February 9, 2004 (the "Bid Deadline"). Such bids shall be deemed "Qualified Bids" and those parties submitting such Qualified Bids shall be "Qualified Bidders." No later than one (1) Business Day after the Debtors receive such Qualified Bids, the Debtors shall provide copies of such bids to Buyer and any other Qualified Bidder, provided, that Buyer and any such Qualified Bidder shall keep the Qualified Bids confidential pursuant to an executed confidentiality agreement and shall not contact or communicate with any Qualified Bidder with respect to any such bids or discuss the Qualified Bids with any party, except as required by law, and subject further to the confidentiality restrictions regarding Assumed Contracts on page 9 hereof.</p> <p>Parties that do not submit a Qualified Bid by the Bid Deadline will not be permitted to participate at the Auction.</p>
<p><b>Bid Requirements</b></p>	<p>Qualified Bids must meet the following requirements (the "Bid Requirements")</p> <ul style="list-style-type: none"> <li>a. Each Qualified Bid for the Sale Assets must be on the same or better terms and conditions as those terms set forth in the Purchase Agreement and the documents set forth as exhibits thereto. A Qualified Bid may be for (i) the Sale Assets, (ii) the Sale Assets plus any or all of the Excluded Assets, or (iii) individual components of the Sale Assets or Excluded Assets, specifically including the Shared Technology Fairchild business, the managed modern port business, and the Shared Hosting business; provided, however, that if the Court approves the sale of any Sale Asset to a bidder other than Buyer, the Break-Up Fee and Expense Reimbursement will be payable in accordance with the terms of this Order. A Qualified Bidder may, but is not required to, include an offer to enter into the Master Services Agreement referenced in Section 6.26 of the Purchase Agreement.</li> <li>b. Each Qualified Bid must constitute a good faith, bona fide offer to acquire assets of the Debtors.</li> <li>c. Each Qualified Bid shall not be conditioned on obtaining any of the following: financing, shareholder approval, environmental contingencies, and/or the outcome of due diligence by the bidder.</li> <li>d. Except with respect to Buyer in accordance with the Purchase</li> </ul>

PROVISION	DESCRIPTION
	<p>Agreement, each Qualified Bid must remain irrevocable until the Closing</p> <p>e As a condition to making a Qualified Bid, any competing bidder must provide the Debtors, the Bank Agent and the Creditors' Committee, on or before the Bid Deadline, with sufficient and adequate information to demonstrate, to the satisfaction of the Debtors (after consultation with the Bank Agent and the Creditors' Committee), that such competing bidder (i) has the financial wherewithal and ability to consummate the acquisition of the assets to be acquired, and (ii) can provide all nondebtor contracting parties to the Assumed Contracts with adequate assurance of future performance as contemplated by section 365 of the Bankruptcy Code</p> <p>f In order for a bid to constitute a Qualified Bid, any bidder for all or substantially all of the Sale Assets shall submit a deposit equal to \$30 million and any bidder for less than all of the Sale Assets or for any Excluded Asset shall submit a deposit equal to 10% of such bid (each, a "Good Faith Deposit") On the date such bid is submitted, the bidder shall deliver the Good Faith Deposit in immediately available funds by wire transfer to an account or accounts designated by the Debtors or by the delivery of alternative credit support that is in an amount no less than the Good Faith Deposit and is reasonably acceptable to the Debtors after consultation with the Bank Agent and the Creditors' Committee on the date such bid is submitted.</p>
<b><i>Auction and Overbids</i></b>	<p>If no Qualified Bid is received by the Bid Deadline, the Auction will not occur and the Debtors shall promptly pursue entry of an order by the Court authorizing the Sale to the Buyer.</p> <p>If the Debtors receive a Qualified Bid by the Bid Deadline, in addition to the Stalking Horse Bid, the Debtors shall conduct an auction (the "Auction") with respect to the (i) the Sale Assets, (ii) the Sale Assets plus any or all of the Excluded Assets, or (iii) individual components of the Sale Assets or Excluded Assets that are sought to be acquired by a Qualified Bidder. The Auction shall commence at 9.00 a.m. (prevailing Eastern Time) on February 12, 2004, at the offices of Kirkland &amp; Ellis LLP, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, New York 10022-4611, or such later time or other place as the Debtors shall notify all Qualified Bidders who have submitted Qualified Bids. The Auction may be continued to a later date by the Debtors, with the reasonable consent of the Buyer, by making an announcement at the Auction. No further notice of any such</p>



PROVISION	DESCRIPTION
	<p>continuance will be required to be provided to any party.</p> <p>Initial over-bids for all or substantially all of the Sale Assets shall be \$21 million</p> <p>The subsequent bid increments at the Auction shall be \$5 million, provided, however, that the Debtors reserve the right to modify subsequent bid increments based on the context of the Auction after consultation with the Bank Agent and Creditors' Committee.</p> <p>At the Auction, the Buyer shall have the right to bid all or part of the Break-Up Fee (as defined herein) and the Expense Reimbursement (as defined herein)</p>
<i>Assumed Contracts</i>	<p>As set forth in Section 3.5(d) of the Purchase Agreement, Buyer and Sellers agree to keep confidential and not disclose to anyone the Assumed Contracts except to (i) the Bank Agent and the Creditors' Committee and (ii) any party otherwise required by law, provided, that, with respect to clause (i), (a) the Bank Agent and the Creditors' Committee shall keep such information confidential and shall not disclose such information absent further order of this Court and Buyer shall be entitled to seek enforcement of this provision and (b) the Bank Agent and the Creditors' Committee may use such information for the purpose of evaluating bids.</p> <p>In order for a bid to constitute a Qualified Bid, any bidder must provide to the Debtors a list of leases and executory contracts that such bidder plans to assume. The Debtors and each bidder agree to keep confidential and not disclose to anyone such list except to (i) the Bank Agent and the Creditors' Committee and (ii) any party otherwise required by law provided, that, with respect to clause (i), (y) the Bank Agent and the Creditors' Committee shall keep such information confidential and shall not disclose such information absent further order of this Court and (z) the Bank Agent and the Creditors' Committee may use such information for the purpose of evaluating bids.</p> <p>The Debtors, after consultation with the Creditors' Committee and the Bank Agent, shall consult with each Qualified Bidder and Buyer regarding the calculation of cure amounts and rejection damage claims related to Buyer's bid and the bids of the other Qualified Bidders.</p>
<i>Winning Bid</i>	<p>Upon conclusion of the Auction, the Debtors, in the exercise of their business judgment and after consulting with their advisors, the Bank Agent and the Creditors' Committee, shall identify the highest and</p>

PROVISION	DESCRIPTION
	best offer, or aggregate of offers, (the "Winning Bid") (the bidder(s) having submitted a Winning Bid is the "Successful Bidder")
<i>Sale Approval Hearing</i>	The Sale Approval Hearing is presently scheduled to take place on February 19, 2004 at 10 00 a.m. (prevailing Eastern Time), before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004-1408. The Sale Approval Hearing may be continued to a later date by the Debtors, with the reasonable consent of the Buyer, by making an announcement at the Sale Approval Hearing, <u>provided</u> , that any such continuance shall not be later than the deadline set forth in Exhibit J of the Purchase Agreement. No further notice of any such continuance will be required to be provided to any party. At the Sale Approval Hearing, the Debtors shall present to the Bankruptcy Court for approval the Winning Bid.
<i>Return of Good Faith Deposit</i>	The Good Faith Deposit of the Successful Bidder shall be credited to the price paid for the Sale Assets, the Excluded Assets and/or any component of the Sale Assets, whichever the case may be. The Good Faith Deposit of any unsuccessful bidders will be returned within fifteen (15) days after consummation of the sale to the Successful Bidder of the asset(s) such Good Faith Deposit relates to or upon permanent withdrawal by the Debtors of the proposed sale of such assets. The deposit of the Buyer, if not chosen as the Winning Bid, shall be returned in accordance with the Purchase Agreement.
<i>Second Highest and Best Bid</i>	If for any reason the entity that makes the highest and best bid fails to consummate the purchase of the Sale Assets, the Excluded Assets, and/or any of the Sale Assets within the time permitted, the bidder with the second highest and best bid for any such assets will automatically be deemed to have submitted the highest and best bid and, to the extent the Debtors elect, after consultation with the Bank Agent and the Creditors' Committee, the Debtors and such bidder shall consummate the sale as soon as is commercially reasonable, but only after Bankruptcy Court approval of such sale. The Debtors shall provide ten (10) days notice of their motion for Bankruptcy Court approval of the sale to the second highest bidder or such greater length of notice as required to implement the assumption and assignment of executory contracts and unexpired leases. If such failure to consummate the sale to the entity that made the highest and best bid is the result of a breach by such entity, such entity's Good Faith Deposit shall be forfeited to the Debtors and the Debtors and the Creditors' Committee specifically reserve the right to seek damages from such entity, <u>provided</u> , however, that the disposition of the Good

PROMISION	DESCRIPTION
	Faith Deposit of Buyer shall be governed by the Purchase Agreement
<i>Reservation of Rights</i>	The Debtors reserve the right to reject any (other than the Buyer's offer pursuant to the Purchase Agreement) Qualified Bid (as defined below) if the Debtors, after consultation with the Bank Agent and the Creditors' Committee, determine that such Qualified Bid is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, any related rules or the terms set forth herein, or (iii) contrary to the best interests of the Debtors and their estates
<i>Break-Up Fee and Expense Reimbursement</i>	In the event, among others set forth in the Purchase Agreement and as set forth below, that the Bankruptcy Court enters an order approving the sale of any Sale Asset to a party other than Buyer, the Debtors shall owe to Buyer (i) a break-up fee in the amount of \$8 million (the "Break-Up Fee") and (u) a reimbursement of Buyer's actual, reasonable, and documented expenses in connection with the transaction contemplated in the Purchase Agreement, not to exceed \$5 million (the "Expense Reimbursement").

3 Pursuant to section 363(b) of the Bankruptcy Code and notwithstanding the provisions of the Purchase Agreement, the Debtors are directed to pay to the Buyer (a) the Expense Reimbursement plus (b) the Break-Up Fee by wire transfer of immediately available funds to an account designated in writing by the Buyer in the event that: (i) the Purchase Agreement is terminated (A) by Buyer pursuant to Section 8.1(b) of the Purchase Agreement when ATI does not have the right to terminate the Agreement pursuant to Section 8.1(b) of the Purchase Agreement, (B) by Buyer pursuant to Section 8.1(c) or (d) of the Purchase Agreement, or (C) by Sellers pursuant to Section 8.1(f) of the Purchase Agreement; or (ii) Buyer terminates the Purchase Agreement pursuant to Section 8.1(e) as a result of Debtors' gross negligence or willful, wanton or reckless action or inaction taken or not taken with an intent to cause the termination of the Agreement or otherwise negatively impact the transactions contemplated thereby (collectively, a "Sellers' Intentional Breach") or Buyer elects not to

close because the condition set forth in Section 7.2(a) of the Purchase Agreement has not been satisfied as a result of a Sellers' Intentional Breach, provided, however, that (y) Buyer's termination of the Purchase Agreement pursuant to Section 8.1(b) that is based upon the event of a breach of any representation or warranty as set forth in Section 8.1(e) of the Purchase Agreement shall not trigger Buyer's right to the Break-Up Fee unless the delay in closing has occurred by reason of a breach of any representation or warranty as set forth in Section 8.1(e) of the Purchase Agreement that is a Sellers' Intentional Breach; and (z) Buyer's termination of the Purchase Agreement in accordance with Section 8.1(c) of the Purchase Agreement by reason of the Court's entry of an order denying an extension of exclusivity or terminating exclusivity shall not trigger Buyer's right to the Break-Up Fee but the Break-Up Fee will be paid within two (2) Business Days of and triggered upon the occurrence of (a) the entry of an order by the Court approving the sale of any of the Sale Assets to any party other than the Buyer; or (b) the entry of an order of the Court approving a disclosure statement for a plan of reorganization or liquidation that does not expressly contemplate the sale of the Sale Assets to Buyer. The second sentence of Section 7.1(b) of the Purchase Agreement is hereby deleted in its entirety. The definition of "Sale Order" in the Purchase Agreement is hereby deleted and replaced with the following: "'Sale Order' means an order in a form reasonably acceptable to Buyer approving the Purchase Agreement, the terms and conditions thereof, and the transactions contemplated thereby." *The Buyer shall be entitled to terminate the Purchase Agreement and shall be entitled to the Break-Up Fee and the Expense Reimbursement if, among other things, (a) the Sale Order is not entered within the deadline set forth in Exhibit J to*

the Purchase Agreement in accordance with Paragraph 6 or (b) an order is entered approving the Purchase Agreement but such order is not reasonably acceptable to Buyer.

4 In the event the Buyer terminates the Purchase Agreement pursuant to Section 8.1(e) of the Purchase Agreement or elects not to close, in each case because the condition set forth in Section 7.2(a) of the Purchase Agreement has not been satisfied as a result of some reason other than a Sellers' Intentional Breach, the Buyer shall be entitled to payment of the Expense Reimbursement only.

5 Buyer shall provide the Debtors, the Bank Agent, the Creditors' Committee, and the United States Trustee for the Southern District of New York (the "U.S. Trustee") with documentation supporting the incurrence of expenses (including legal, financial advisor, and accounting fees) for which the Buyer seeks reimbursement under the provisions of the Purchase Agreement and this Order authorizing the payment of the Expense Reimbursement. The Debtors, the Bank Agent, the Creditors' Committee, and the U.S. Trustee shall have ten (10) days from the delivery of such documentation to object to the payment of the Expense Reimbursement on the ground that the expenses are unreasonable, which objection shall immediately be served by facsimile transmission or electronic delivery to the Debtors and the Buyer. If no objection is received within such ten (10) day period, the Debtors shall pay to Buyer the Expense Reimbursement as required hereunder and in the Purchase Agreement without further order of the Court. If an objection is received, such objection shall be resolved by the Court.

6. In the event of a Sale Delay that the Buyer does not agree to waive or extend, the Debtors shall pay to the Buyer the Break-Up Fee and the Expense Reimbursement. In the event of any waiver of any default in Exhibit J to the Purchase

Agreement that would have otherwise triggered the payment of the Break Up Fee and the Expense Reimbursement, the payment of the Break Up Fee and the Expense Reimbursement shall be triggered if such extended deadline has not been met and the Buyer terminates the Purchase Agreement as a result thereof

7 Any Break-Up Fee and Expense Reimbursement required to be paid hereunder and under the Purchase Agreement shall be paid within two (2) Business Days of the earlier of (a) the entry of an order by the Court approving the sale of any of the Sale Assets to any party other than the Buyer or (b) the entry of an order of the Court approving a disclosure statement for a plan of reorganization or liquidation that does not expressly contemplate the sale of the Sale Assets to Buyer, provided, however, that the Expense Reimbursement shall be paid in accordance with Paragraph 5.

8. Nothing herein shall in any way limit the rights of Buyer or the Debtors to terminate the Purchase Agreement in accordance with the terms thereof. Nothing herein shall in any way limit the rights of the Sellers to deliver the Early Closing Election as set forth in the Purchase Agreement or the rights of the Creditors' Committee or other party in interest to seek entry of an order of this Court compelling the Debtors to make an Early Closing Election in accordance with the Purchase Agreement, which order may be sought on 5 (five) Business Days notice unless otherwise ordered by the Court.

9. Except as otherwise provided in Paragraphs 3, 4, 5, 6, 7, and 13, the Debtors are authorized and empowered to pay the Break-Up Fee and the Expense Reimbursement to the Buyer, as required under and pursuant to the Purchase Agreement and this Bidding Procedures Order, without further order of the Court; provided,

however, that payment of the Expense Reimbursement shall be in accordance with the procedure described in Paragraph 5 hereof

10 Pursuant to section 364(c)(1) of the Bankruptcy Code, the Break-Up Fee and the Expense Reimbursement shall receive superpriority administrative claim status and shall have priority over any and all administrative expenses of the kinds specified in sections 503(b), 506(c), 507(a), or 507(b) of the Bankruptcy Code, provided, however, that the Break Up Fee and Expense Reimbursement shall not prime the Liens held by Sellers' senior secured lenders and any such amounts payable shall be subordinated to this carve out for professionals fees and fees under 28 U.S.C § 1930 as provided in the Bankruptcy Court's order authorizing Debtors to use cash collateral that was entered in these cases

11 The rights of the Buyer to the Break-Up Fee and the Expense Reimbursement and the superpriority administrative status of such claims shall all survive rejection or breach of the Purchase Agreement, and shall be unaffected thereby

12. The committee to be established pursuant to Section 6.5(c) of the Purchase Agreement (the "Committee") shall have one (1) individual from Communications Technology Advisors LLC ("CTA") as a member thereof and such individual shall be entitled to attend all meetings and receive all documents prepared for the Committee. In the event that CTA concludes that a proposed action of the Debtors proposed by the Committee is unreasonable, CTA shall inform the Debtors of such conclusion in writing, provide a summary of the reasons therefor, and, to the extent such disagreement is not resolved promptly, the Debtors shall not implement such proposed action until the earlier of the date (a) such disagreement is resolved or (b) the Court, upon

three (3) Business Days notice, has entered an order approving or rejecting such proposed action. Unless otherwise ordered by the Court, CTA shall be prohibited from disseminating or using any information received from the Committee, except for purposes related to Committee matters, provided, however, that CTA may share such information on a confidential basis with the professionals for the Creditors' Committee and the confidentiality of such information shall be maintained and, if it is determined that a pleading regarding any of such information must be filed with the Court in accordance with this Paragraph 12, any such pleading shall be filed under seal, unless otherwise ordered by the Court. The Buyer shall, among other things, be entitled to enforce the terms and conditions of this Paragraph 12.

13. In the event the Court denies approval of the bonuses that are a condition to Buyer's obligation to close under the Purchase Agreement in accordance with Section 7.2(g) of the Purchase Agreement, Buyer shall inform the Debtors before 12:00 a.m. (midnight) on the day the Court so rules regarding whether the Buyer waives such condition. If the Buyer does not waive such condition, Buyer shall be entitled to immediately terminate the Purchase Agreement and receive the Expense Reimbursement (but not the Break-Up Fee), which Expense Reimbursement will be payable in accordance with Paragraph 5 hereof.

14. Pursuant to Bankruptcy Rule 2002(a)(2), (a) the Sale Hearing shall be held on February 19, 2004, before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004-1408 at 10:00 a.m. (EST), and (b) objections to approval of the



relief requested in the Motion (other than the Preliminary Relief provided herein). if any, shall be in writing. shall state the name of the objecting party, shall state with particularity the reasons and basis for the objection, and shall be filed with the Court and served upon (i) the attorneys for the Debtors, Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, New York 10022 (Attn: Matthew A. Cantor, Esq. and Jonathan S. Henes, Esq.), (ii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 1004 (Attn: Pamela J. Lustrin, Esq.), (iii) the attorneys for the agent for the Debtors' prepetition lenders, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn: Jesse Austin, III, Esq.), (iv) the attorneys for the Creditors' Committee, Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn: Ira S. Dizengoff, Esq.), and (v) the attorneys for the Buyer, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Paul M. Basta, Esq.), so as to be actually received by such persons no later than February 17, 2004 at 4.00 p.m. (EST)

15 Pursuant to Bankruptcy Rule 2002(1), the Debtors are authorized to publish, at least five (5) days prior to the Auction, Notice of the Auction and Sale Approval Hearing, once, in the form annexed hereto as Exhibit 1, in each of the national editions of The New York Times and The Wall Street Journal.

16. Pursuant to Bankruptcy Rule 2002, within five (5) Business Days following entry of the Bidding Procedures Order, notice of the proposed Auction and the Sale Approval Hearing in the form annexed hereto as Exhibit 1 shall be sent by first class mail to (i) the United States Trustee, (ii) the attorneys for the agent for the Debtors' prepetition lenders, (iii) the attorneys for the Creditors' Committee, (iv) all nondebtor